



## **North Devon Council**

Report Date: March 2022 Strategy & Resource Committee

Topic: Allocation of affordable housing commuted sums – Beechfield Road, Fremington

Report by: Service Lead – Affordable Housing, Jaimie Jeyes

### **1. INTRODUCTION**

1.1. This report sets out an opportunity to gap-fund two affordable homes for social rent alongside grant funding from Homes England and North Devon Homes. This would involve the allocation of £20,000 of commuted sums.

### **2. RECOMMENDATIONS**

2.1. That Strategy and Resource Committee allocates £20,000 of commuted sums to secure two affordable homes for social rent.

2.2. That Strategy and Resource Committee recommends that Council vary the Capital Programme by £20,000 as detailed in 2.1 above and that funds be released to North Devon Homes, subject to a Grant Agreement upon such terms and conditions as may be agreed by the Proper Officer and Senior Solicitor and Monitoring Officer.

### **3. REASONS FOR RECOMMENDATIONS**

3.1. The grant will enable two affordable homes for social rent alongside North Devon Homes funding and will bring Homes England funding into the area. A family in housing need will have the opportunity to rent their house at a genuinely affordable social rent, which may be more likely to be paid without recourse to benefits.

3.2. To increase the supply of social rented housing to contribute to the alleviation of the huge pressures on our housing market, currently worsened by the housing crisis.

### **4. REPORT**

4.1. North Devon Homes applied for planning permission for two open market houses on an existing garden area fronting onto Beechfield Road, Fremington (see location below).

4.2. Planning permission was granted in September 2020 and North Devon Homes applied for funding from Homes England to convert the approved open market houses into social rents. In addition, as opposed to the affordable rent that in the past has been the grant option from Homes England, these are to be grant aided as social rent. This will require substantial grant per unit of £92,500/unit from Homes England and following discussions with Homes England this is reliant on a contribution of £10,000/unit from North Devon Council as well as the obvious financial input by North Devon Homes.

- 4.3. In turn, this will generate a home at a genuinely affordable rent with a social rent of just £105/week (plus an approximate £2/week service charge) in comparison to an affordable rent at 80% of open market value that would reach £147.18/ week (including service charge)<sup>1</sup>.
- 4.4. Small amounts of commuted sums have been identified and due to delays caused by schemes that have fallen through, they are close to their spend deadline (see section 5 below).



4.5. Members have two options available to them:

- 4.5.1. Option 1 - Not to invest £20,000 of commuted sums: Homes England could reduce their grant rate to enable two homes at the more expensive affordable rent at 80% of open market rent. However, this would jeopardise the creation of two social rents, which is required by 75% of those in housing need in the District. This would mean that a family would be paying £40.18/week more than if they were in a social rented home and over a year this would equate to £2,089,36 more housing costs. This can

<sup>1</sup> Rent is calculated as a 52-week rent.

ultimately force a family into being reliant and perhaps trapped for many years in the housing benefit cycle as opposed to managing to work and afford it themselves.

- 4.5.2. Option 2 - Allocate £20k of commuted sums to secure two social rents (officer recommendation): As per the North Devon and Torridge Local Plan and supporting evidence social rent is the rent level needed by 75% of those in housing need. It is a genuinely affordable product and this means that it can often allow families the opportunity to pay their housing costs without the need to resort to benefits and become trapped in this cycle.

## 5. RESOURCE IMPLICATIONS

5.1. The grant can be funded from the following sources; aggregating 4 small amounts of monies is an efficient use of resources:

- 5.1.1. The commuted sum from Lower Kitcott, Meshaw, South Molton (54924) of £5,000 at cost centre 9754.
- 5.1.2. The commuted sum from Bridge Farm (Round Robin), Burrington, Umberleigh (56110) of £8,125 at cost centre 9754.
- 5.1.3. The commuted sum from Bridge Farm (Kingfisher Cottage), Burrington, Umberleigh (56110) of £3,750 at cost centre 9754.
- 5.1.4. £3,125 of the commuted sum from Land adj to The Gables, Eastacombe, Barnstaple (58143) at cost centre 9754.

5.2. Please note that the amounts at 5.1.2-5.1.4 were some of the commuted sums originally allocated to Higher Westaway, Newton Tracey affordable housing scheme allocated at Executive 4/9/2017, where the scheme did not go forward due to a change in the Local Plan.

5.3. During the consultation of a previous report, Burrington Parish Council raised concerns via their ward member about the use of the commuted sums secured in their area (at 5.1.2 and 5.1.3 above). Officers still recommend the use of this fund for the following reasons:

- 5.3.1. The related s106 that secured the commuted sum is not specific on geography; the amount was for affordable housing in North Devon.
- 5.3.2. This money will not go far when it comes to the provision of affordable housing. This is the difficulty Officers have in that lots of rural areas are receiving tiny amounts of off-site contributions where a site has to provide e.g. 0.4 of an affordable home in cash rather than on site provision – Officers end up having to combine such funds and spend out of area.
- 5.3.3. Burrington Community Land Trust have been taking a pause during Covid and this money has to be spent by 2025 (March and June respectively) or returned to the applicant. Other commuted sums available do have a longer spend date as they were secured later – i.e. don't have to be spent until 2028/29 onwards.
- 5.3.4. In the future, other commuted sums could be used with committee approval if Burrington require £11,875 for affordable housing provision and

it is not available at the time via the Community Housing Fund, funding from Registered Providers or Homes England Affordable Housing Programme.

## 6. EQUALITIES ASSESSMENT

6.1. This does not adversely affect any of the protected characteristics and on the ground this intervention will have a positive impact on all such groups of society.

## 7. ENVIRONMENTAL ASSESSMENT

7.1. The construction of the two affordable homes will have a positive impact on the environment in the following ways:

7.1.1. The insulation levels are above building regulations.

7.1.2. Use of air source heating to provide heating and hot water rather than gas boilers, charging points for electric vehicles, LED lighting, other efficient technologies.

7.1.3. Local supply chains are used in the construction process such as the use of local subcontractors

7.1.4. A waste management strategy will be employed for all building processes and materials on site where it is the contractor's policy to maximise the recycling of waste products.

7.1.5. Any landscaping will consider the use of native species

7.1.6. All responsibilities for developing, monitoring and evaluating environmental performance are assigned during the build programme through the construction contractor.

## 8. CORPORATE PRIORITIES

8.1. What impact, positive or negative, does the subject of this report have on regeneration/economic development:

8.1.1. Attracting nearly £200k of national funding into the District and the creation of jobs using local contractors.

8.1.2. Analysis shows that there has been a 67% reduction in available private rented housing when comparing August 2021 with August 2019 and that North Devon was the worst affected area in the South West, and the 4th worst affected area nationally. This limits housing supply in our general housing market and pushes up open market rents. This can have the effect that people who may have been able to access the private rented sector are being displaced and are now requiring affordable housing for rent.

8.1.3. In addition even when adjusting for population there were still the greatest number of households assessed as homeless at 2.38 households per 1,000 of the population. Despite improving our renewals process and removing applicants no longer wanting to be on the register, there has still



been a 32% increase in applications when comparing 2020 to 2021 (Jan-Nov periods). This put further pressure on our limited affordable housing stock.

## 9. CONSTITUTIONAL CONTEXT

9.1. Part 3 Annexe 1(d) (Delegated).

9.2. Article 4.5.19 (Referred)

## 10. STATEMENT OF CONFIDENTIALITY

This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

## 11. BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

- Planning Application information
- Site Plan
- Location Plan
- Environmental impact assessment
- Confidential – North Devon Homes IMS bid prof-forma for Homes England CME 21-26 funding.

(The background papers are available for inspection and kept by the author of the report).

## 12. STATEMENT OF INTERNAL ADVICE

The author (below) confirms that advice has been taken from all appropriate Councillors and Officers: Jaimie Jeyes (Service Lead – Affordable Housing).